

KVÆRNER™

Fourth quarter and preliminary
annual results 2013

14 February 2014



KVÆRNER ASA – FOURTH QUARTER AND PRELIMINARY ANNUAL RESULTS 2013

FOURTH QUARTER HIGHLIGHTS

- High operational activity
- North American construction business divested¹ – focusing operations on upstream
- Semi-annual dividend of NOK 0.58 per share paid 24 October
- Cash flow significantly improved

2013 HIGHLIGHTS

- Focus on improving competitiveness and delivery models
- Nyhamna onshore framework agreement adjusted to NOK 11 billion in total
- Option released for full EPC for Hebron project
- Clair Ridge jackets and Nordsee Ost wind jacket project delivered
- Order backlog increased from NOK 20.2 billion to NOK 22.8 billion³

SUBSEQUENT EVENTS

- Semi-annual dividend of NOK 0.61 proposed by the Board of Directors
- NOK 500 million loan facility extended to 2016 at improved terms
- Completion contracts for Aasta Hansteen won

FINANCIAL HIGHLIGHTS

Continuing operations

Operating revenue^{1,2}

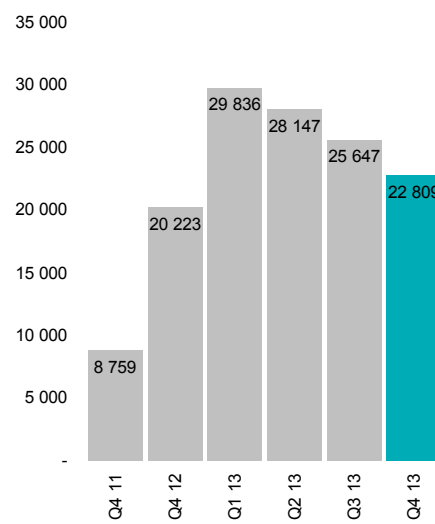
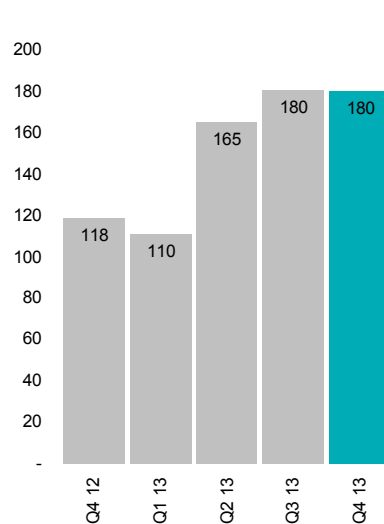
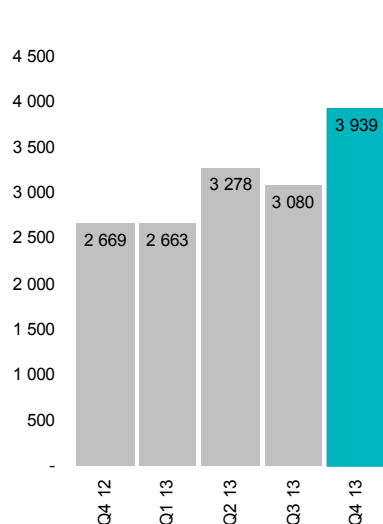
NOK million

EBITDA¹

NOK million

Order backlog^{1, 3}

NOK million



¹ Following sale of operations, the Downstream & Industrials segment has been classified as discontinued operations, with comparative figures restated.

² Excluding scope of work of jointly controlled entities closely related to Kvaerner's operating activities.

³ Including scope of work of jointly controlled entities closely related to Kvaerner's operating activities.

FINANCIAL KEY FIGURES

Amounts in NOK million	Q4 2013	Q4 2012 Restated	FY 2013	FY 2012 Restated
Total revenue and other income ¹⁾	3 939	2 669	12 960	8 867
EBITDA ²⁾	180	118	636	417
EBITDA margin	4.6 %	4.4 %	4.9 %	4.7 %
EBIT	162	101	573	359
Net profit - continuing operations	11	36	239	158
Basic and diluted earnings per share - continuing operations	0.04	0.14	0.89	0.59
Order intake ³⁾	1 925	1 801	18 615	21 235
Order backlog ³⁾	22 809	20 223	22 809	20 223
Net current operating assets	(1 266)	(514)	(1 266)	(514)
Net interest bearing deposits and loans	1 069	650	1 069	650

¹⁾ Excluding scope of work of jointly controlled entities closely related to Kvaerner's operating activities.

²⁾ EBITDA definition: Earnings before Interest (net financial items), Taxes, Depreciation and Amortisation.

³⁾ Including scope of work of jointly controlled entities closely related to Kvaerner's operating activities.

Please refer to note 8 and 9 for details related to discontinued operations and restatement impacts in the financial statements.

FINANCIAL REVIEW

In December 2013, Kvaerner sold its onshore construction business in North America to Matrix Service Company. Following the sale, Kvaerner do not have any remaining operations in the US within the Downstream & Industrials segment, and remaining legacies within the segment are presented as discontinued operations in the group's financial statements as from fourth quarter 2013. Comparative information for discontinued operations is restated for income statement and cash flow purposes. Please refer to note 8 and 9 for details related to discontinued operations and restatement impacts in the financial statements.

Income statement

Operating revenues in the fourth quarter 2013 amounted to NOK 3 939 million, compared with NOK 2 669 million for fourth quarter 2012. The increase from last year is mainly due to high activity on projects for the North Sea. Kvaerner reported operating revenues of NOK 12 960 million for full year 2013, compared with NOK 8 867 million for full year 2012.

Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) for the quarter were NOK 180 million, compared with NOK 118 million in the same period last year. The EBITDA margin for fourth quarter 2013 was 4.6 percent, up from 4.4 percent in the corresponding period in 2012. The increase in EBITDA is reflecting phasing of projects. EBITDA for full year 2013 was NOK 636 million, compared with NOK 417 million last year.

Net financial expense for the quarter was NOK 54 million, comprising net interest expense of NOK 15 million, loss on foreign currency forward contracts of NOK 7 million, foreign exchange loss of NOK 30 million and other financial expenses of NOK 2 million. Net financial expense for the same period in 2012 was NOK 20 million. Net financial expense for the full year was NOK 96 million, compared to NOK 15 million in 2012. The increased net financial expense is due to significantly lower net interest bearing deposits and loans during 2013 compared to 2012 combined with higher foreign exchange loss. Foreign currency loss of NOK 25 million is related to accounting effect following settlement of foreign branch equity, with no impact on equity.

Net result from associated companies and jointly controlled entities presented below EBITDA was negative NOK 53 million for fourth quarter 2013 and negative NOK 78 million for full year 2013, compared to negative NOK 6 million and negative NOK 8 million in equivalent periods in 2012. The fourth quarter and full year results were impacted by impairment charges related to waived loan to associated company.

Profit before tax for the fourth quarter 2013 was NOK 54 million compared to NOK 75 million for the same period last year. For the full year 2013, profit before tax was NOK 399 million compared to NOK 337 million for the full year 2012.

Total income tax expense in fourth quarter 2013 was NOK 43 million compared to NOK 38 million for the same quarter previous year. The full year tax expense amounted to NOK 160 million, compared to NOK 179 million for full year 2012. The tax expense reflects an effective tax rate of 40 percent in 2013 compared to 53 percent in

2012. The relatively high tax rate reflects unrecognised deferred tax assets on losses in some jurisdictions, but also negative results from associated companies with no corresponding tax income, and withholding taxes.

Profit from continuing operations was NOK 11 million for fourth quarter 2013 and NOK 239 million for full year 2013, compared to NOK 36 million and NOK 158 million in equivalent periods in 2012. Basic and diluted earnings per share for continuing operations were NOK 0.04 for fourth quarter 2013, compared to NOK 0.14 for fourth quarter 2012, and NOK 0.89 for full year 2013 compared to NOK 0.59 for full year 2012.

Profit from discontinued operations was NOK 237 million for fourth quarter 2013, including gain on sale of assets and operations of NOK 272 million, compared to NOK 18 million for the same quarter last year. Full year profit from discontinued operations was NOK 206 million for 2013 and NOK 79 million for 2012. Basic and diluted earnings per share for discontinued operations were NOK 0.88 for fourth quarter 2013, compared to NOK 0.07 for fourth quarter 2012, and NOK 0.77 for full year 2013 compared to NOK 0.29 for full year 2012.

Net profit total operations in fourth quarter 2013 was NOK 248 million compared to NOK 55 million in the corresponding quarter last year. Basic and diluted earnings per share for total operations for the fourth quarter 2013 were NOK 0.92 compared to NOK 0.20 in fourth quarter 2012. Net profit for the full year 2013 was NOK 445 million compared to NOK 237 million last year. Basic and diluted earnings per share for total operations for the full year 2013 were NOK 1.66 compared to NOK 0.88 for full year 2012.

Cash flow

Net cash inflow from operating activities was NOK 694 million in fourth quarter 2013 compared to cash outflow of NOK 293 million in the same period last year. Net current operating assets (NCOA) at the end of fourth quarter was negative NOK 1 266 million compared to negative NOK 30 million at 30 September 2013. Adjusting for NCOA related to discontinued operations, NCOA at third quarter end was negative NOK 570 million. Customer pre-payments¹ were NOK 16 million at the end of fourth quarter compared to NOK 212 million at the end of the previous quarter. The decrease in NCOA in fourth quarter 2013 is due to improved cash positions in projects. Net cash inflow from operating activities for full year 2013, was NOK 606 million, compared to cash outflow of NOK 748 million in 2012.

Net cash inflow from investing activities in fourth quarter 2013 was NOK 341 million, including net cash inflow of NOK 376 million from sale of the North American construction business. In fourth quarter last year, net cash outflow was NOK 23 million. For the full year, cash inflow from investing activities amounted to NOK 208 million compared to outflow of NOK 91 million in 2012. Capital expenditure in the quarter and full year amounted to NOK 34 million and NOK 164 million respectively, adjusted for non-paid investments as per year end. The capital expenditure is mainly related to the facility upgrades at the Stord yard.

Net cash outflow from financing activities was NOK 168 million in the quarter and NOK 356 million for the full year compared to an outflow of NOK 190 million for fourth quarter 2012 and an outflow of NOK 481 million for full year 2012. Full year outflow mainly relates to dividend payment of NOK 304 million and interest payments.

Net increase in cash and bank deposits during the quarter amounted to NOK 864 million, resulting in cash and bank deposits at the end of the quarter at NOK 1 545 million. Undrawn committed long-term credit facilities of NOK 2.5 billion, provides access to capital totalling NOK 4.0 billion.

Balance sheet

Total cash and bank was NOK 1 545 million at the end of fourth quarter, compared to NOK 681 million reported at the end of third quarter 2013 and NOK million 1 069 million at the end of fourth quarter 2012. Net current operating assets (NCOA) were negative NOK 1 266 million at the end of fourth quarter, compared to negative NOK 570 million at the end of previous quarter and negative NOK 1 110 million at year end 2012, adjusted for discontinued operations. Equity ratio at 31 December 2013 was 32.1 percent, down from 34.1 percent at 30 September 2013 and 36.3 percent at 31 December 2012.

Order intake and backlog

Order intake in fourth quarter 2013 totalled NOK 1 925 million, including the scope of work of jointly controlled entities, compared to NOK 1 801 million in fourth quarter 2012. As of 31 December 2013 the order backlog, including the scope of work of jointly controlled entities, amounted to NOK 22 809 million. The estimated

¹ Invoicing in excess of cost and estimated earnings less amounts billed in advanced but not received (on a project by project basis).

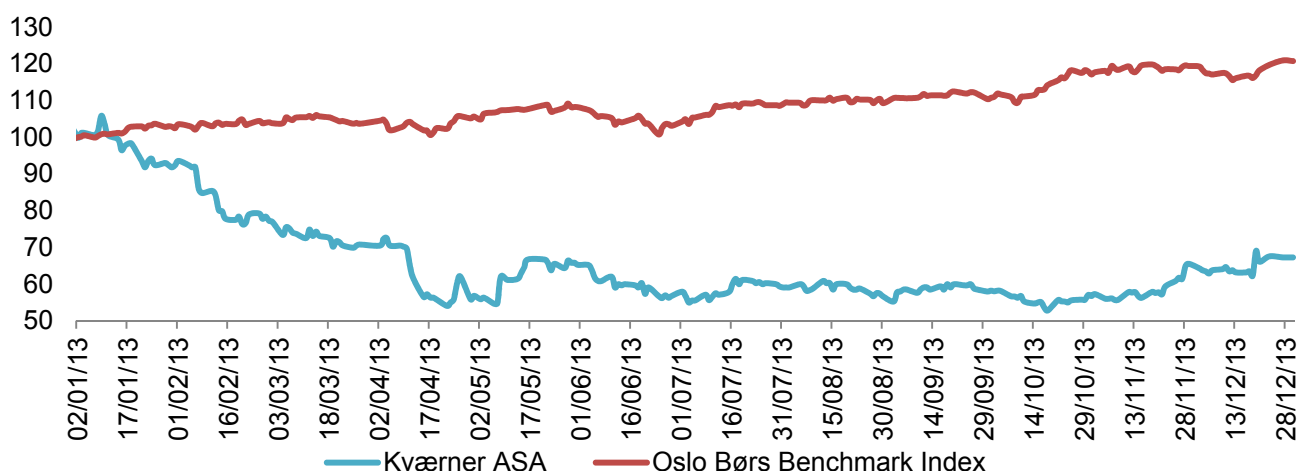
scheduling for order backlog as of 31 December 2013 is approximately 60 percent for execution in 2014, with remaining 40 percent for execution in 2015 and later.

Transactions in treasury shares

There were no transactions in treasury shares in fourth quarter 2013. Kvaerner ASA holds no treasury shares as of 31 December 2013.

The Kvaerner share

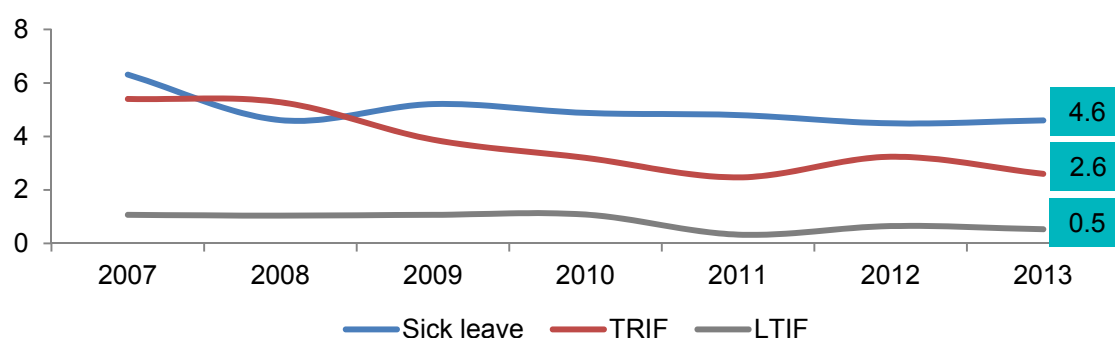
Indexed share price development last 12 months



The share price increased from NOK 9.91 at the end of third quarter 2013 to NOK 11.50 at the end of fourth quarter 2013. The highest traded share price during third quarter was NOK 11.80, the lowest traded share price was NOK 9.01 and the average share price during the quarter was NOK 10.14. The average daily turnover during fourth quarter was 500 222 shares compared to 412 840 shares during third quarter 2013. The market capitalisation was NOK 3.09 billion at the end of fourth quarter 2013 compared to NOK 2.67 billion at the end of third quarter 2013.

OPERATIONAL REVIEW

Health, Safety, Security and Environment (HSSE)



Status

During fourth quarter 2013 Kvaerner had a total of nine recordable Incidents. In the same period there was one Lost Time incident and three serious incidents.

Initiatives

A new training program to increase focus on Risk Recognition, Perception and Tolerance is under establishment. In December there was a meeting with EVP's and the global HSSE network where upcoming activities and HSSE goals for 2014 were the main topics.

Segments

Following the sale of Kvaerner's onshore construction business in North America in December 2013, Kvaerner do not have any remaining operations in the US within the Downstream & Industrials segment, and remaining legacies within the segment are presented as discontinued operations in the group's financial statements as from fourth quarter 2013. Consequently, Kvaerner will only have one reportable segment as from fourth quarter 2013; Upstream. The Upstream segment includes the business areas Contractors Norway, Jackets, Concrete Solutions and Contractors International.

The Upstream segment¹

Amounts in NOK million	Q4 2013	Q4 2012 Restated	FY 2013	FY 2012 Restated
Total revenue and other income	4 667	3 054	16 091	9 819
EBITDA	197	137	708	551
EBITDA margin	4.2 %	4.5 %	4.4 %	5.6 %
Net current operating assets	(1 257)	(1 009)	(1 257)	(1 009)
Order intake	1 925	1 848	18 662	21 285
Order backlog	22 809	20 226	22 809	20 226
Employees	2 789	2 515	2 789	2 515

¹ Please refer to note 8 for details related to restated figures for previous periods. The Upstream segment reporting includes Kvaerner's share (proportionate consolidation) of jointly controlled entities closely related to Kvaerner's operating activities.

Operating revenue from the Upstream segment totalled NOK 4 667 million in fourth quarter 2013, compared to NOK 3 054 million in fourth quarter 2012. The revenue increase is due to higher activity within Contractors Norway and Concrete Solutions. EBITDA amounted to NOK 197 million, resulting in an EBITDA margin for the quarter of 4.2 percent, compared to NOK 137 million and 4.5 percent EBITDA margin in fourth quarter 2012.

EBITDA in the quarter reflects high activity on most projects. One major project is not yet recognising margin due to below 20 percent completion.

NCOA at the end of fourth quarter 2013 was negative NOK 1 257 million, a reduction of NOK 717 million during the quarter. The disputed Nordsee Ost project will be tying up working capital until arbitration is resolved. Order intake of NOK 1 925 million in the quarter, reflects increased scope and growth in existing contracts. Order backlog was NOK 22 809 million at the end of fourth quarter 2013, including scope of work of jointly controlled entities.

Operations

The Hebron gravity based structure (GBS) project is progressing in Newfoundland and Labrador, Canada, with engineering in St. John's and construction at the Bull Arm fabrication site. At site, mechanical outfitting installation work is on-going as well as preparations for the next phase; construction at the deep water site scheduled to start in the summer of 2014.

In the Jackets business, there was high activity on assembly for the Martin Linge and Edvard Grieg projects in the quarter, with three roll-ups successfully completed. Assembly work for the Martin Linge and Edvard Grieg jacket projects will be on-going at the yard in Verdal for the coming quarter.

Contractors Norway sees high activity for the coming periods. Final assembly activities on Eldfisk are nearing completion and commissioning will be the main focus next quarter. For the Edvard Grieg topside, the main activities will move to Stord with assemblies. The Nyhamna onshore project is progressing as planned with design engineering and procurement work. Civil work is on-going at the Nyhamna site.

Market

Kvaerner still views the market as promising for its industry in macro terms, but are fully aware of the current challenges faced by the E&P companies, despite the fact that the oil price is stable on a relatively high level. Kvaerner sees an active market and expects new development projects to be awarded over the next few years both on the Norwegian Continental Shelf and internationally. However, the competition is fierce both from South-East Asia and Europe. FEEDs for new development projects are under execution. These projects are expected to be tendered for in 2014 and beyond. There are several opportunities for completion and hook-up

projects. Within concrete substructures, there are studies on-going and future prospects in Arctic areas where Kvaerner holds a unique position on a global level. However, the Arctic developments seem to be moving at a somewhat slower pace.

The Downstream & Industrial segment

In December 2013 Kvaerner sold its onshore construction business in North America to Matrix Service Company. In the transaction, Matrix received ownership of certain assets of Kvaerner North American Construction, Inc. in the US and the shares in Kvaerner North American Construction, Ltd. in Canada. Kvaerner retains the assets and liabilities related to the contract with Longview Power LLC, including any financial effects of the arbitration.

The transaction was settled in cash in December 2013 and the financial effects have been recognised in Kvaerner's fourth quarter 2013 accounts. Following the sale of the onshore construction business, Kvaerner will not have any remaining operations in the US within the Downstream & Industrials segment, and remaining legacies within the segment is presented as discontinued operations in the group's financial statements as from fourth quarter 2013. Please refer to note 9 for details related to discontinued operations and note 6 for more information on the Longview project.

Unallocated costs

Unallocated costs, which are net corporate costs not directly attributable to the individual segments, amounted to NOK 17 million in fourth quarter 2013, the same level as in third quarter 2013. For the full year 2013, unallocated costs were NOK 71 million. It is expected that the recurring level of net corporate costs will be approximately NOK 70-80 million annually, a reduction from previous levels following re-organisation effects and cost savings.

SUBSEQUENT EVENTS

The Board propose dividend of NOK 0.61 per share

The Board of Directors has in line with the dividend policy proposed to pay a semi-annual dividend of NOK 0.61 per share in April 2014, confirming a predictable dividend growth. Subject to approval by the Annual General Meeting (AGM), the dividend payment will take place on or about 25 April 2014 to shareholders of record as per the date of the AGM scheduled for 10 April 2014. The shares will be traded exclusive dividend from and including 11 April 2014.

Financing

In January, Kvaerner ASA entered into a Second Amended and Restated Agreement under the NOK 3.0 billion Loan Agreement with its lenders, to extend the NOK 500 million loan facility agreement maturing in May 2014 to May 2016 at improved terms.

Completion contracts for Aasta Hansteen won

Kvaerner was in January and February awarded two contracts with Technip and Hyundai Heavy Industries for completion work on the Aasta Hansteen project. The scope includes providing services and assistance to Technip for upending of the hull, installation of predefined equipment and preparation of the Aasta Hansteen Spar for mating with the topside. For Hyundai, Kvaerner will execute services for inshore and offshore services for hook-up and commissioning of the topside.

PRINCIPAL RISKS AND UNCERTAINTIES

Operational risk is the ability to deliver existing contracts at the agreed time, quality, functionality and cost. Delivering projects and equipment in accordance with the contract terms and the anticipated cost framework represents a substantial risk element, which will be the most significant factor affecting Kvaerner's financial performance. Results also depend on costs, both Kvaerner's own and those charged by suppliers, and on interest expenses, exchange rates and customers' ability to pay. For an overview of major current legal disputes, please see note 6 to the condensed consolidated interim accounts.

Kvaerner has established guidelines and systems to manage its exposure in the financial markets. These systems cover currency, interest rate, counterparty and liquidity risks. Kvaerner works systematically with risk

management in all its business areas, and has extensive systems and procedures in place. Other relevant risk factors are further described in the annual report for 2012.

OUTLOOK

Kvaerner has a strong order backlog of NOK 22.8 billion which provides for a solid basic workload over the next few years. The company's first priority is to execute and safely deliver the existing projects predictable and according to the customers' expectations. The market continues to present many opportunities within the company's target regions. In 2014 and 2015 Kvaerner expects to see several invitations to tender for new projects within all business areas. However, the competition is expected to stay intense. Kvaerner is meeting this competition with a series of measures to enhance its efficiency. The company aims at reducing its cost by 15 percent.

After the delivery of two large jackets in the spring of 2014, the Verdal yard currently has no new jacket orders. The future situation is thus challenging for the yard which based on current status expect some surplus capacity from the summer of 2014. Assessments of opportunities for future operations are still on-going and expected to be concluded during the first half of 2014.

For 2014 Kvaerner expects revenues of NOK 15-16 billion, including revenue from jointly controlled entities. Based on the current project portfolio mix and expected project performance, gradual margin improvements are expected in 2014.

Oslo, 13 February 2014

The Board of Directors and President & CEO

Kvæerner ASA

FURTHER INFORMATION

Investor relations and media:

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About Kvaerner:

With approximately 2 800 HSSE-focused and experienced employees, Kvaerner is a specialised provider of engineering, procurement and construction (EPC) services for offshore platforms and onshore plants. Kvæerner ASA, through its subsidiaries and affiliates ("Kvaerner"), is an international contractor that plans and realises some of the world's most demanding projects as a preferred partner for upstream and downstream oil and gas operators, industrial companies and other engineering and fabrication contractors.

In 2013, the Kvaerner group had consolidated annual revenues of close to NOK 13 billion and the company had an order backlog at 31 December of almost NOK 23 billion. Kvaerner was publicly listed with the ticker "KVAER" at the Oslo Stock Exchange on 8 July 2011. For further information, please visit www.kvaerner.com.

FINANCIAL CALENDAR 2014

Annual General Meeting 2014

10 April 2014

First quarter results 2014

13 May 2014

Second quarter results 2014

16 July 2014

Third quarter results 2014

28 October 2014

FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

<i>Amounts in NOK million</i>	Q4 2013	Q4 2012 Restated ¹⁾	FY 2013	FY 2012 Restated ¹⁾
Total revenue and other income	3 939	2 669	12 960	8 867
Operating expenses	(3 759)	(2 551)	(12 324)	(8 450)
EBITDA	180	118	636	417
Depreciation and amortisation	(18)	(17)	(63)	(58)
Operating profit	162	101	573	359
Net financial income/(expense)	(54)	(20)	(96)	(15)
Profit from associated companies and jointly controlled entities and impairments	(53)	(6)	(78)	(8)
Profit before tax	54	75	399	337
Income tax expense	(43)	(38)	(160)	(179)
Profit from continuing operations	11	36	239	158
Profit discontinued operations	237	18	206	79
Net profit	248	55	445	237
<i>Attributable to:</i>				
Equity holders of the parent company - Kværner ASA	248	55	445	237
Earnings per share (NOK)				
Basic and diluted EPS continuing operations	0.04	0.14	0.89	0.59
Basic and diluted EPS discontinued operations	0.88	0.07	0.77	0.29
Basic and diluted EPS total operations	0.92	0.20	1.66	0.88

¹⁾ Restated figures for previous periods are reflecting impacts from implementing IAS 19R Employee Benefits and reclassification of the Downstream & Industrials segment to discontinued operations. Please refer to note 8 and 9 for details.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in NOK million</i>	Q4 2013	Q4 2012 Restated ¹⁾	FY 2013	FY 2012 Restated ¹⁾
Net profit/(loss) for the period	248	55	445	237
Items that may be reclassified to profit or loss in subsequent periods:				
Cash flow hedges, net of tax				
- Fair value adjustment recognised in equity	(4)	6	12	(10)
- Reclassified to profit or loss	3	(8)	12	(6)
Translation differences, foreign operations	76	(31)	160	(50)
Items that may be reclassified to profit or loss in subsequent periods	75	(32)	185	(65)
Items not to be reclassified to profit or loss in subsequent periods:				
Actuarial gains/(losses) on defined benefit pension plans, net of tax	(5)	43	(5)	43
Items not to be reclassified to profit or loss in subsequent periods	(5)	43	(5)	43
Total other comprehensive income, net of tax	70	11	179	(22)
Total comprehensive income	318	66	624	215
<i>Attributable to</i>				
Equity holders of the parent company - Kværner ASA	318	66	624	215

¹⁾ Restated figures for previous periods are reflecting impacts from implementing IAS 19R Employee Benefits. Please refer to note 8 for details.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

<i>Amounts in NOK million</i>	31.12.2013	31.12.2012 Restated ¹⁾
Assets		
<i>Non-current assets</i>		
Property plant and equipment	713	620
Intangible assets	1 080	1 157
Deferred tax assets	193	254
Investments in associates and jointly controlled entities	132	106
Interest bearing receivables	3	50
Other non-current assets	28	31
Total non-current assets	2 150	2 218
Trade and other receivables	3 121	2 660
Prepaid company tax	93	91
Total cash and bank	1 545	1 069
Retained assets on business sold	916	-
Total current assets	5 676	3 819
Total assets	7 825	6 039
Equity and liabilities		
<i>Equity</i>		
Share capital	91	91
Share premium	729	729
Retained earnings	1 715	1 578
Other reserves	(24)	(204)
Total equity	2 511	2 195
<i>Non-current liabilities</i>		
Interest-bearing loans	479	469
Deferred tax liabilities	0	1
Employee benefit liabilities	170	171
Total non-current liabilities	649	641
<i>Current liabilities</i>		
Trade and other payables	4 057	2 837
Tax liabilities	56	28
Provisions	330	338
Retained liabilities on business sold	223	-
Total current liabilities	4 666	3 203
Total equity and liabilities	7 825	6 039

¹⁾ Restated figures for previous periods are reflecting impacts from implementing IAS 19R Employee Benefits. Please refer to note 8 for details. Previous period's balance sheet has not been restated for reclassification of the Downstream & Industrials segment to discontinued operations.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

Amounts in NOK million	Total paid in capital	Retained earnings	Other reserves	Total equity
Equity as of 31 December 2011, as previously reported	820	1 758	(133)	2 445
Impact of implementing IAS 19R, net of tax ¹⁾	-	-	(49)	(49)
Equity as of 1 January 2012, restated	820	1 758	(182)	2 396
Profit for the period	-	237	-	237
Other comprehensive income ¹⁾	-	-	(22)	(22)
Total comprehensive income	-	237	(22)	215
Change in treasury shares	-	0	-	0
Employee share purchase programme	-	(5)	-	(5)
Dividend	-	(412)	-	(412)
Equity as of 31 December 2012, restated ¹⁾	820	1 578	(204)	2 195
Profit for the period	-	445	-	445
Other comprehensive income	-	-	179	179
Total comprehensive income	-	445	179	624
Change in treasury shares	-	(1)	-	(1)
Employee share purchase programme	-	(3)	-	(3)
Dividend	-	(304)	-	(304)
Equity as of 31 December 2013	820	1 715	(24)	2 511

¹⁾ Restated figures for previous periods are reflecting impacts from implementing IAS 19R Employee Benefits. Please refer to note 8 for details.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in NOK million	Q4 2013	Q4 2012 Restated ¹⁾	FY 2013	FY 2012 Restated ¹⁾
EBITDA	180	118	636	417
Taxes paid	(21)	(111)	(110)	(284)
Changes in other operating assets and liabilities	535	(300)	80	(881)
Cash flow from operating activities	694	(293)	606	(748)
Capital expenditure	(34)	(43)	(164)	(217)
Sale of fixed assets and operations	376	14	376	111
Cash flow from other investing activities	(0)	6	(4)	16
Cash flow from investing activities	341	(23)	208	(91)
Dividends	(156)	(143)	(304)	(412)
Cash flow from other financing activities	(12)	(47)	(52)	(69)
Cash flow from financing activities	(168)	(190)	(356)	(481)
Translation adjustments	(4)	(75)	19	(29)
Net increase/(decrease) in cash and bank deposits	864	(580)	476	(1 349)
Cash at the beginning of the period	681	1 649	1 069	2 418
Cash at the end of the period	1 545	1 069	1 545	1 069

¹⁾ Restated figures for previous periods are reflecting impacts from implementing IAS 19R Employee Benefits and reclassification to discontinued operations.

SEGMENT INFORMATION

For segment reporting, effective as from 1 January 2013, management receives financial information that includes activities of certain jointly controlled entities as if they were proportionately consolidated. Under IFRS as adopted by the European Union, Kvaerner accounts for jointly controlled entities using the equity method, presenting its share of the net results as a component of Total revenue and other income when closely related to Kvaerner's operating activities.

Following the sale of Kvaerner's onshore construction business in North America in December 2013, Kvaerner will not have any remaining operations in the US within the Downstream & Industrials segment, and remaining legacies within the segment are presented as discontinued operations in the group's financial statements as from fourth quarter 2013. The historical segment information has been restated for these changes.

Consequently, Kvaerner will only have one reportable segment as from fourth quarter 2013; Upstream. The Upstream segment includes the business areas Contractors Norway, Jackets, Concrete Solutions and Contractors International.

Amounts in NOK million	Upstream		Group activities and eliminations		Consolidated	
	Q4 2013	Q4 2012 Restated ¹⁾	Q4 2013	Q4 2012 Restated ¹⁾	Q4 2013	Q4 2012 Restated ¹⁾
External revenue and other income	4 658	3 030	(719)	(361)	3 939	2 669
Internal revenue	9	24	(9)	(24)	-	-
Total revenue and other income	4 667	3 054	(728)	(385)	3 939	2 669
EBITDA	197	137	(17)	(19)	180	118
Depreciation and amortisation	(18)	(16)	0	(1)	(18)	(17)
EBIT	179	121	(17)	(20)	162	101
Net current operating assets	(1 257)	(1 009)	(9)	495	(1 266)	(514)

Amounts in NOK million	Upstream		Group activities and eliminations		Consolidated	
	FY 2013	FY 2012 Restated ¹⁾	FY 2013	FY 2012 Restated ¹⁾	FY 2013	FY 2012 Restated ¹⁾
External revenue and other income	16 040	9 747	(3 080)	(880)	12 960	8 867
Internal revenue	51	72	(51)	(72)	-	-
Total revenue and other income	16 091	9 819	(3 131)	(953)	12 960	8 867
EBITDA	708	551	(71)	(134)	636	417
Depreciation and amortisation	(63)	(57)	0	(1)	(63)	(58)
EBIT	645	495	(71)	(135)	573	359
Net current operating assets	(1 257)	(1 009)	(9)	495	(1 266)	(514)

¹⁾ Restated figures for previous periods are reflecting impacts from implementing IAS 19R Employee Benefits and reclassification of the Downstream & Industrials segment to discontinued operations. Please refer to note 8 and 9 for details.

NOTES

Note 1 General

Kværner ASA (the company) is a company domiciled in Norway. The Kvaerner group consists of Kværner ASA and its subsidiaries.

Note 2 Basis for preparation

Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with the International Financing Reporting Standard ("IFRS") IAS 34 Interim Financial Reporting for interim reporting as adopted by the European Union and additional Norwegian regulations.

Accounting principles

The accounting principles applied in these condensed consolidated interim financial statements are the same as those applied in the Annual accounts 2012, except for the adoption of new standards and interpretations effective as of 1 January 2013. The group has adopted revised IAS 19 Employee Benefits and amendments to IAS 1 Presentation of Financial Statements. Amended IAS 1 affects presentation of comprehensive income only, where items must be split between those that may be reclassified to profit or loss and those which will remain in equity. See note 8 for details related to adoption of revised IAS 19.

The interim financial statements are condensed and do not include all the information required by IFRS for a complete set of financial statements and should be read in conjunction with the full year consolidated financial statements for Kværner ASA. The consolidated financial statements for Kvaerner for the year ended 31 December 2012 are available upon request from the company's registered office at Drammensveien 264, 0283 Oslo, Norway or at www.kvaerner.com.

The interim financial statements have not been subject to audit. The functional currency of the entities within Kvaerner is determined based on the nature of the economic environment in which it operates. The functional currency and presentation currency of Kværner ASA is NOK. Numbers are rounded to the nearest million, unless otherwise stated. As a result of rounding differences, numbers or percentages may not add up to the total.

The condensed consolidated interim financial statements reflect all adjustments, consisting only of normal, recurring adjustments that, in the opinion of Kvaerner's management, are necessary for a fair presentation of the results of operations for the periods presented. Operating results for the periods presented are not necessarily indicative of the results that may be expected for any subsequent interim period or annual accounts.

Note 3 Judgments, estimates and assumptions

In applying the accounting policies, management makes judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these condensed consolidated interim financial statements, significant judgements made by management in applying the group's accounting policies and key sources of uncertainty in the estimates were consistent with those applied for the period ended 31 December 2012.

Note 4 Financial items

<i>Amounts in NOK million</i>	Q4 2013	Q4 2012 Restated	FY 2013	FY 2012 Restated
Net interest income/(expense)	(15)	(6)	(57)	(4)
Profit/(loss) on foreign currency contracts	(7)	0	(7)	4
Net foreign exchange gain/(loss)	(30)	(6)	(31)	(7)
Other financial items, net	(2)	(8)	(1)	(8)
Net financial income/(expense)	(54)	(20)	(96)	(15)

Note 5 Share capital and equity

Kværner ASA has 269 000 000 shares issued each with a nominal value of NOK 0.34.

Kværner currently has no share-based compensation that results in a dilutive effect on earnings per share. Basic and diluted earnings per share have been calculated based on the following average number of outstanding shares:

<i>NOK thousand</i>	Q4 2013	Q4 2012	FY 2013	FY 2012
Shares issued	269 000	269 000	269 000	269 000
Effect of own shares held	-	(3)	(389)	(220)
Average number of outstanding shares	269 000	268 997	268 611	268 780

Note 6 Contingent events

Given the scope of the group's worldwide operations, group companies are inevitably involved in legal disputes in the course of their activities. Provisions have been recognised to cover expected outcome of any disputes and litigation proceedings in accordance with applicable accounting rules. Such provisions will be based on management's best evaluations and estimates of a likely outcome of the dispute and will be subject for review by in-house or external legal advisors. However, the final outcome of such disputes and litigation proceedings will always be subject to uncertainties, and resulting liabilities may exceed recognised provisions. The disputes and litigation proceedings are continuously monitored and reviewed, and recognised provisions are adjusted to reflect management's best assessment of most recent facts and circumstances. Litigation and arbitration costs are recognised as they occur.

Significant, current disputes

In 2011, arbitration was initiated against Longview and Foster Wheeler North America Corp. related to the Longview project delivered in 2011. Kværner's claim is substantial and intended to recover excess construction costs and other damages incurred by Kværner North American Construction, Inc. in execution of the project. The customer's counterclaims are also substantial. Longview Power LLC, the owner of the Longview Power Plant in Maidsville, West Virginia, filed for protection under Chapter 11 of the United States Bankruptcy Code in August 2013. The initiated Chapter 11 process will interfere with Kværner's claims and will lead to subsequent delays in the cost recovery.

In 2012, arbitration related to the on-going Nordsee Ost project was filed. The last wind jackets for the Nordsee Ost project were delivered in October 2013. The arbitration process for the project will take more time than earlier anticipated due to high complexity and resolution has been delayed. It is currently not possible to estimate when the arbitration will be finalised.

Based on current status of both on-going proceedings there is no change in expected financial outcome. Due to uncertainties related to these events and to avoid prejudicing Kværner's position, no estimate of the expected final outcome is disclosed.

Note 7 Related parties

The largest shareholder of Kvaerner ASA, Aker Kvaerner Holding as, is controlled by Aker ASA (70 percent) which in turn is controlled by Kjell Inge Røkke and his family through TRG Holding AS and The Resource Group AS. In accordance with IAS 24, all entities controlled by Aker ASA as per 31 December 2013, associated companies and joint ventures of Kvaerner and certain other related parties are reported as related parties to Kvaerner.

Kvaerner believes that all transactions with related parties have been based on arm's length terms. The table below gives an overview of aggregated transactions and balances with related parties.

<i>Amounts in NOK million</i>	FY 2013 ¹⁾	FY 2012 ¹⁾
Revenue	220	158
Operating expenses	(121)	(107)
Net interest income/(expense)	3	2
Interest bearing loans	1	44
Trade and other receivables	20	7
Trade and other payables	8	19

¹⁾ Transactions and balances include discontinued operations.

On 23 April 2013 Kvaerner signed an agreement with Fornebuporten AS for a long term lease for Kvaerner's new headquarters at Fornebu, scheduled for completion in second quarter 2015. The lease contract is for approximately 8 000 square metres at market terms. The term of the agreement is 12 years with options for five plus five years. Fornebuporten AS is owned by Aker ASA, and the lease agreement is therefore a related party transaction.

Note 8 Implementation of revised IAS 19 Employee Benefits and classification of sold business to discontinued operations

As of 1 January 2013 Kvaerner has adopted the revised IAS 19 Employee Benefits with retrospective application. The revised standard requires immediate recognition of actuarial gains and losses in other comprehensive income and the corridor method can no longer be used. Expected return on plan assets will be calculated using the same interest rate as applied for discounting the pension obligation. In addition, net interest for plan assets and liabilities are recognised within financial items.

As from fourth quarter 2013 the Downstream & Industrials segment has been classified to discontinued operations with comparative numbers restated.

Following the above, the financial statements for 2012 have been restated as follows (impacted reported lines only):

<i>Amounts in NOK million</i>	FY 2012 Reported	Effect of IAS 19	Segment reclassified to discontinued	FY 2012 Restated
CONDENSED CONSOLIDATED INCOME STATEMENT				
Total revenue	10 748	-	(1 881)	8 867
Operating expenses	(10 275)	6	1 819	(8 450)
EBITDA	473	6	(62)	417
Depreciation and amortisation	(66)	-	8	(58)
Operating profit	407	6	(53)	359
Net financial income/(expense)	(31)	(8)	24	(15)
Profit from associated companies and jointly controlled entities	(7)	-	(0)	(8)
Profit before tax	369	(2)	(30)	337
Income tax expense	(131)	1	(49)	(179)
Profit from continuing operations	238	(1)	(79)	158
Profit discontinued operations	-	-	79	79
Net profit	238	(1)	0	237
Basic and diluted earnings per share (NOK)	0.89	(0.01)	0.00	0.88
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
Net profit/(loss) for the period	238	(1)	-	237
Actuarial gains/(losses) on defined benefit pension plans	-	43	-	43
Total other comprehensive income, net of tax	(65)	43	-	(22)
Total comprehensive income	173	42	-	215
CONDENSED CONSOLIDATED BALANCE SHEET				
Deferred tax assets	251	3	-	254
Other non-current assets (including pension funds)	47	(16)	-	31
Total assets	6 052	(13)	-	6 039
Total equity	2 202	(8)	-	2 195
Employee benefit liabilities	177	(6)	-	171
Total equity and liabilities	6 052	(13)	-	6 039

Note 9 Discontinued operations

In December 2013, Kvaerner sold its onshore construction business in North America to Matrix Service Company. Following the sale, Kvaerner will not have any remaining operations in the US within the Downstream & Industrials segment, and remaining legacies within the segment is presented as discontinued operations in the group's financial statements as from fourth quarter 2013. The results for the discontinued business is reported separately under the heading Result from discontinued operations in the group's income statement. In the balance sheet, retained assets and liabilities are presented on separate lines.

Summary of financial data for discontinued operations

Amounts in NOK million	Q4 2013	Q4 2012	FY 2013	FY 2012
Total revenue and other income	782	261	1 666	1 887
EBIT	298	5	268	53
Of which:				
Operations	(7)	5	(37)	11
Gain on sale of business ¹⁾	304	-	304	42
Net profit	237	18	206	79
Basic and diluted earnings per share (NOK)	0.88	0.07	0.77	0.29

¹⁾ Further, foreign currency effects of NOK 32 million have been expensed and recycled over profit and loss following the sale, implying a net gain on sale of NOK 272 million.

Amounts in NOK million	Q4 2013	Q4 2012	FY 2013	FY 2012
Cash flow from operating activities	(29)	25	45	(4)
Cash flow from investing activities	277	15	271	28
Cash flow from financing activities	(390)	(84)	(604)	(188)
Translation adjustments	(2)	(10)	16	(26)
Net increase/(decrease) in cash and bank deposits	(144)	(55)	(272)	(190)
Cash at the beginning of the period	200	382	328	518
Cash at the end of the period	56	328	56	328

Cash at end of fourth quarter 2013 is reported in the group's balance sheet on line Retained assets on business sold.